

PENSION COMMITTEE

MINUTES of a meeting of the Pension Committee held at CC2, County Hall, Lewes on 15 March 2016.

PRESENT Councillors Richard Stogdon (Chair), Frank Carstairs, Godfrey Daniel and Bob Standley

LEAD MEMBERS Councillor David Elkin

ALSO PRESENT Kevin Foster, Chief Operating Officer

1 MINUTES

1.1 The minutes of the previous meeting were agreed.

2 APOLOGIES FOR ABSENCE

2.1 Cllr Tutt sent his apologies for this meeting.

3 DISCLOSURE OF INTERESTS

3.1 Cllr Daniel declared as a personal interest as a member of the East Sussex pension scheme.

4 URGENT ITEMS

4.1 There were none.

5 ANY OTHER NON-EXEMPT ITEMS PREVIOUSLY NOTIFIED UNDER AGENDA ITEM 4

5.1 There were none.

6 EXCLUSION OF THE PRESS AND PUBLIC

6.1 It was agreed that the press and public should be excluded from the meeting.

7 PENSIONS ADMINISTRATION SYSTEM

7.1 This item was introduced by Kevin Foster, Chief Operating Officer.

7.2 The Chief Operating Officer explained that prior officer actions in regard to this contract had been based on the assumption that the decision on contract renewal would be taken by officers under delegated authority. Had it been recognised that this was to be a member decision, the matter would have been handled differently, with Pension Committee members involved at a much earlier stage.

7.3 It is no longer practically possible to move directly to a new provider as there is no time to run-in a new system. In any case, for service reasons, the officer recommendation at this point would be to sign a new contract with Heywood in order to support the focus on service and performance improvements in the short term.

7.4 At the previous Pension Committee special meeting, members requested officers to seek a 3 year contract deal. Officers have negotiated a 3 year contract deal option within a 5 year overall contract deal. This option is activated through exercising a negotiated break clause after 3 or 4 years. Activating either of these breaks would incur penalties, but these have been set with the best overall commercial terms possible, and the addition of breaks has been achieved without increasing the overall contract price. The Chief Operating Officer told members that he believed the current deal was the best that could be negotiated, and that it shows considerable movement by Heywood from their original decision.

7.5 The Chief Operating Officer told members that Orbis Business Operations will work closely with the Pension Committee from an early stage in the new contract to ensure that the Committee is in a position to make future decisions at an early enough point for all options to be viable.

7.6 It was resolved that the Pension Committee should:

1. Note that the current Pensions Administration system licence ends on 31 March 2016 and there is a need for a **consecutive** licence contract in order to ensure the continuation of pensions administration service to the East Sussex Pensions Fund (ESPF).
2. Note that the only option available is to approve a new contract with the current provider, using the current system in order to deliver a continuity of service.
3. Note that officers have negotiated the best terms available that ensure both continuity of service and flexibility to respond to changes in the Pensions Administration systems market.
4. Approve a new five year contract between East Sussex County Council and Heywood (including break clauses which give the ESPF the flexibility to exit the contract after three or four years).
5. Request that the Business Operations service take an active role, with the support of procurement, working on management of the supplier relationship with Heywood and the quality of service delivery.
6. Request that the Business Operations service work with the Pensions Committee to re-assess the market two years prior to each break clause (i.e. at one, two and three years of the contract with Heywood) to enable the service to plan and manage a Pensions Administration systems strategy in order to deliver the best value for money service to the ESPF.

